



2009 State of the County Address
Mayor Charmaine Tavares
February 10, 2009

Aloha!

Happy New Year!
Naminbag nga baro nga tawen yo amin!
Kung Hee Fat Choy!
Akemashite Omedeto Gozaimasu!
Prospero Ano Y Felicidad!
Hau'oli Makahiki Hou!

Around the world, cultures celebrate the new year – the dawn of a new time – a new season. Rooted deep within these celebrations is the hope for a better time, be it for health, wealth or peace – all desires and wishes for the new year. These hopes, desires and wishes are expressed in “New Year’s resolutions”, in formal speeches and presentations and in small groups of family or friends.

There has always been a need for benchmarks. In earlier days, before the harnessing of “time”, the invention of calendars and before the discovery of lunar cycles, these benchmarks were set by nature – the seasons.

Let’s take a closer look at our host culture and what “Hau’oli Makahiki Hou” or “Happy New Year” means. During the Makahiki season rains fall more frequently in Hawaii, cooling our lands from a hot summer. In ancient times, it was a time of peace, goodwill and replenishment of resources. People were rejuvenated through sports and religious activities and war was forbidden. The land and ocean were given a chance to rest and be renewed for the upcoming planting and fishing season.

For us, the new year provides a point in time to review the recent past, where we are now, and what we would like for the future. It is a time for reflection, reality checks and a time to examine our goals and the pathways to those goals.

Just a little over two years ago, I accepted the challenge of bringing common sense to County government, developing renewable energy initiatives, improving public service, and increasing efforts to preserve our natural resources.

Today we continue to address these challenges and tackle new ones that are a result of a persistent global economic downturn. I am confident that we will find our way through these economically difficult times and that we will do it together.

For Maui County the economic downturn was underscored by the closure of Aloha Airlines, ATA, and Molokai Ranch in the first half of last year. For the remainder of 2008, our county grappled with layoffs by Maui Land and Pineapple Company, and other large and small businesses.

Not immune to this downturn is our visitor industry which generates 75% of our County's economy. Our Maui Visitors Bureau has responded quickly and decisively, and is active in seeking new ways to attract business to our islands. Hotel properties are initiating new promotional campaigns to entice travelers, as well as using this time to improve their properties.

National predictions of slowing economic activity, a deteriorating labor market and declining consumer spending present conditions that require fiscal responsibility and a steadfastness that can withstand these turbulent times.

In 2008, because of our focused efforts on fiscal management, the County of Maui was awarded an upgrade in its credit rating by all three national credit rating agencies. This gives us lower interest rates. Because of our good credit rating, we have saved on borrowing costs related to the \$35 million bond issued earlier this year. As a credit-worthy borrower, the County is in a better position to secure loans to fund infrastructure projects that benefit our construction industry and our community.

In addition, my Administration has taken steps to exercise restraint in spending and to demonstrate tight fiscal control of our operations.

New policies were put in place last summer to produce savings in our current budget. We asked departments to reprioritize and conserve spending in recognition of a possible revenue shortfall. We created a Fiscal Implementation Team, tasked with ensuring that County expenditures are brought in line with anticipated reduced income.

Members of the team include Managing Director Sheri Morrison, Finance Director Kalbert Young, and Budget Director Fred Pablo. Together with their staff

they have worked with the departments to keep our financial framework strong and solvent.

In these times, it is important for government to increase our efforts to support and lift the economy. A high priority is to focus on improving our infrastructure.

Just five years ago, capital improvement funding for Maui County was only \$47 million. In the last fiscal year, the County invested \$125 million in CIP projects. In the current fiscal year, \$127 million will be spent on valuable infrastructure improvements such as water source development, water transmission lines, wastewater treatment systems, landfills, roads and drainage projects. This is money well spent.

Making these investments improves our economic viability in the long run. In the short run, moving forward on these projects puts money directly into the hands of those employed in Maui County to do the work required. This in turn keeps money circulating in our local economy. My Administration is committed to getting CIP projects out to bid and on to the construction phase as quickly as possible, ensuring that millions of dollars are put into the local economic stream.

My Administration will be submitting our budget proposal for the next fiscal year to the Council next month. It will be a budget restrained by reduced revenue, but balanced by our commitment to serve our community and invest in our own economic recovery. We must continue to deliver vital services while finding ways to support our community's safety net of social services for the most vulnerable.

You will hear more about our budget when we submit our proposal in mid-March.

I am concerned about a potential loss of income to the County generated by hotel room tax. The State is considering changing current practice in order to keep for itself all the Transient Accommodation Tax, or T.A.T., to help meet its budget shortfall. Such a decision would be devastating. Maui County normally receives millions from the T. A.T. each year. It is imperative that the County's allocation of this hotel room tax revenue be kept intact.

Through our Hawaii Council of Mayors, I have been working with Mayor Hannemann of Oahu, Mayor Kenoi of the Big Island and Mayor Carvalho of Kauai, to retain our fair share of the hotel room tax and other state funds. I'm sure that our Council Members would agree that this is critical.

Continuing to pay close attention to fiscal stewardship will be vital. And restoration of our economic growth will require confidence, action, and collaboration. Our economic strength will return step by step.

While we have been attending to our financial picture, we have also stayed on track with the priorities I set for my Administration just two years ago.

1. Renewable energy and energy efficiency

- We are pursuing the use of energy efficient vehicles for possible inclusion in our vehicle fleet. We facilitated a partnership between Maui Electric Company and California-based Phoenix Motor Cars to test a number of electric vehicles.
- With the help of Maui High School's nationally recognized automotive program, we converted a county-owned hybrid vehicle into a Plug-in Hybrid Electric Vehicle (PHEV). This was made possible through a partnership with the U.S. Department of Energy and the Idaho National Laboratory. This vehicle will provide valuable data to further improve and develop vehicles for broader use.
- We assisted Castle & Cooke on Lanai with its photovoltaic farm which became operational this past December.
- We are exploring ways to use water transmission systems to create energy through hydroelectric technologies.
- We formed the Maui County Energy Alliance, an outcome of the 2007 Energy Expo, whose five working groups will present their recommendations within the next few months.
- We saved over 14,000 barrels of oil and saved \$2.4 million for the County by installing mechanical and electrical systems that use less electricity and replacing old motors with more efficient ones in our wastewater systems. This effort led to an award from Maui Electric Company's Energy Efficiency Hall of Fame program.
- We saved more than \$1 million by shifting Department of Water Supply pumping and treatment schedules to off peak hours. The Department received one of the top three awards from Maui Electric Company's Energy Efficiency Hall of Fame.

2. Preservation and protection of our natural resources

- We removed 4,000 tons of metal from the Molokai Landfill in a concerted effort to deal with the accumulation of metal over many years.
- We brought extensive awareness to our communities through the highly successful International Year of the Reef campaign.
- We opened a new recycling center in Kihei that features native landscaping, reclaimed water irrigation and solar lighting.
- We provided \$2.5 million in grants for environmental and watershed protection.

3. Strengthening our communities

- We served over 5,000 meals to seniors in need last year through our Meals on Wheels program.
- We served almost 4,000 children last year in our popular PALS Play and Learn Sessions. I started this program 18 years ago, as Director of Parks & Recreation, because I saw that parents needed support for their children and I'm proud of its success.
- We reached out to over 6,000 students to promote good choices and help curb drug use among youth. Maui Police officers visited 34 schools in our county as part of the Drug & Alcohol Resistance Education, known as D.A.R.E.
- We are providing over \$7.5 million in social service grants to ensure that there is a safety net of essential services for those with critical needs.
- We established the Mayor's Council on Health to follow through on the excellent recommendations of the Maui Health Initiative Task Force.
- We will continue to support the hundreds of dedicated volunteers who demonstrate time after time that individuals and groups can and do impact our community. In recognition of volunteer efforts by the business sector, a new category was added to my annual Small

Business Awards. The “Non-Profit Angel Award” honors the efforts of businesses who take on the added work of helping others.

The first winner in this new category was selected because of his tireless commitment to volunteerism. Even as a small business owner kept busy with the day-to-day needs of operating his company, he provides his skills, merchandise and services to many non-profits, including the Humane Society, Pacific Cancer Foundation, Imua Family Services and the Maui Arts and Cultural Center. He picks up trash in the community, supports fundraising events, and is nicknamed “Saint Hal” by some.

I’d like to introduce the winner of our inaugural Small Business Angel Award: Mr. Hal Jobe, owner of Latitudes, a furniture and interior design company.

4. Diversification of our economy

- We brought in millions to our economy by securing the filming of a major movie on the island of Lanai.
- We partnered with non-profit organizations to bring cultural and community events to thousands of people.
- We placed 26 farmers onto lots at the Kula Agricultural Park. Today, these farmers grow a variety of crops including zucchini, taro, cabbage, corn, flowers and Kula onions.
- We invested \$4.4 million in grants to support agriculture, film, culture, business and technology.

5. Expansion of our public transportation system

- We expanded routes, added buses and with low fares, our Maui Bus continues to grow at an astounding rate. Over 1.8 million riders boarded our buses last year alone. Providing this important service is made possible through a partnership with federal agencies and the support of our Congressional delegation, most notably, United States Senator Daniel Inouye.
- We contracted planning and design for bus stop facilities due to the explosive success of our Maui Bus service.

6. Development of a sustainable domestic water supply

- We reduced water consumption by 50% at a homeless resource center and a low income housing facility by donating and installing 84 toilets, 200-plus showerheads and 300-plus faucet aerators. Before the installation, water consumption for these properties was 1.4 million gallons for a two month period. Following installation water usage dropped to 714,000 gallons. Their water and sewer bill dropped by almost \$2,000 in the same billing period.
- Plans are underway to do additional retrofits at three additional low-income apartment complexes.
- We are proceeding with the planning and design of storage reservoirs for Upcountry Maui with a capacity of 300 million gallons.
- We are constructing three new wells designed to help preserve the integrity of the Iao and Waihee aquifers.
- In addition, a water agreement will provide one million gallons per day from a new water source in Central Maui by year end.

7. Improved public services

- We implemented online motor vehicle registration for added convenience.
- We redesigned and upgraded our County of Maui website to bring better service and information to our users.
- We acquired land in Haiku for a much needed fire station that is now in the planning and design stages.
- We provided jet skis, all terrain vehicles and emergency response mobile command centers to our public safety personnel to better equip them to protect the public.
- We expanded automated trash pick-up service to Upcountry, Kihei and West Maui.

- We reorganized and streamlined our project review process in the Planning Department.

We will continue to pursue these and other priorities in the year to come. We will continue to bolster our economy by moving capital improvement projects toward construction and provide grant funds to support much needed social services. We will present the 2009 Energy Expo later this year which will feature the recommendations of the Maui Energy Alliance Working Groups.

We will continue to work closely with federal and state governments and with community groups and businesses to help put us on a sound road to economic recovery.

In November, my Administration reached out to the federal Economic Development Agency for funding to help strengthen our local economy.

As a result of this – I am delighted to announce today that the County of Maui has been awarded over \$1 million for the planning and design of the Wailuku Municipal Parking Structure, a project that has languished for over 20 years.

We also asked for funds for the planning and design of an Emergency Management Center. This important investment will allow us to move into the 21st century and meet critical needs in emergency management and disaster response for our citizens.

I am pleased to announce that the EDA has also awarded us \$850,000 in federal funds for this purpose.

In November and December of last year, my administration began working closely with the U.S. Conference of Mayors to develop a proposal for newly elected President Obama and his transition team. The President's transition team had announced that a big part of the President's economic stimulus package would be focused on reinvesting in our nation's infrastructure.

We were asked to present "ready to go" projects in ten categories, of which six were applicable to Maui County: Community Development Block Grants for Infrastructure, Energy Block Grants for Infrastructure and Green Jobs, Transit Equipment and Infrastructure, Highway Infrastructure, Water and Wastewater Infrastructure, and Public Safety Jobs and Technology. We submitted fifty-eight (58) projects totaling more than \$200 million.

Our proposal demonstrated the significant needs we face in Maui County. We do not expect that we will receive \$200 million but we are confident that funds will be appropriated fairly throughout the U.S.

As one of 170 Mayors invited to participate on a conference call with the President's economic team, I can tell you that the Obama Administration keenly understands that counties across the nation will play a central role in bringing about economic recovery.

The commitment by our new President and his Administration to help communities recover brings optimism to many counties. President Obama's actions to collaborate with local county governments to stimulate the economy is promising.

Last month, I went to Washington, D.C. to continue work on our economic package and to attend the Presidential Inauguration. It now appears that federal legislation may be finalized soon.

I can assure you that when President Obama signs the bill into law, Maui County will be ready to go to work!

We have taken time this morning to reflect on the recent past, consider where we are now, and share our plans for the future.

Moments of crisis create opportunities for change and betterment. Finding solutions through our resourcefulness and originality becomes our greatest asset. I am continually amazed by the strength of our communities and the ability of our citizens to take care of each other and persevere generation after generation.

Within each culture represented in Maui County is a long history of working together, of helping one another make our lives better and ensure that our children's lives will be even better than ours.

Because of our diverse cultures and rich history, Maui County is in a better position than any other place to survive this economic storm.

I have faith in the combined efforts of our people, businesses and organizations. I believe that the present circumstances are temporary and will pass, and we – you and I – must be a source of confidence and ingenuity.

In the face of immense challenges, we can take our future in our hands – accept this responsibility as a community and participate by asking ourselves “What have I done today to help someone else?”, and “What can I do tomorrow that will matter?”

The answers to these questions lie in each of us. We can create our own future. Our great-grandparents, grandparents and parents showed us that it can be done and for our present time – it must be done.

Thank you for coming today.